

RECEIVED FEC MAIL OPERATIONS CENTER

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October 27, 2004

Federal Election Commission 999 E Street, N.W. Washington, D.C. 20463

Re: MUR 5560

Attn: Mr. Jeff S. Jordan

Dear Gentlemen:

FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

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I am Treasurer of the Case for Congress Committee (#C00382978). I respond to your letter dated October 19, 2004, which I received on October 25, 2004.

There are five different violations asserted in the Complaint, which I will address in the order in which they appear in the Complaint:

## (1) Accepting Contributions in the Name of Another

The Complaint attaches an article from the Honolulu Star-Bulletin dated October 7, 2004. The article states that KFC Engineering Management, Inc. and KFC Airport, Inc. agreed to pay a stiff fine to settle an investigation in which the State of Hawaii Campaign Spending Commission alleged that the firms gave more than \$150,000 in excess and false-name contributions. Recipients were stated to be the Mayor of Honolulu (Jeremy Harris), the Governor of the State of Hawaii (Linda Lingle), the former governor of the State of Hawaii (Ben Cayetano), Congressman Ed Case, the former Lieutenant Governor of the State of Hawaii (Maizie Hirono), the former Mayor of the County of Maui (James Apana), a former State Senator (Matt Matsunaga), a former City Councilman (Jon Yoshimura), and a current candidate for the Mayor of the County of Hawaii (Fred Holschuh).

The article also referred to a Dexter Kubota as president of KFC and a Brian Bowers as president of KFC Airports.

I personally reviewed our data base and financial reports to the Campaign Spending Commission of the State of Hawaii. Neither of the corporations and neither of the individuals appeared in our data base or in our campaign spending reports.

I personally telephoned Mr. Bob Watada, Executive Director of the Campaign Spending Commission of the State of Hawaii, and asked if he knew why Congressman Case had been mentioned in the news article. He advised me that their investigation had disclosed that a

woman who was a resident in Kailua, Hawaii, had donated \$2,000 to the Case for Governor campaign on September 1, 2002 (the primary election was on September 18, 2002), and that the Commission believed that she may have received funds from one of the corporations with which to make the contribution to the Case for Governor campaign. He stated that the Commission had no reason to believe that the Case for Governor campaign could have known that her contribution might have been from an illegal source.

We believe that the Case for Governor Committee was not at fault.

In any event, this incident is outside the jurisdiction of the Federal Election Commission. The contribution was made to Ed Case as part of his campaign for governor and was duly reported to the Campaign Spending Commission of the State of Hawaii. Jurisdiction is in the Campaign Spending Commission of the State of Hawaii.

## (2) <u>Illegal Corporate Contributions.</u>

(a) Maui Land & Pineapple Co., Ltd. The Complaint states that Mr. Steve Case owns a controlling interest in Maui Land & Pineapple Co., Ltd. ("MLP") and that Steve Case is channeling funds from his controlling interest in MLP to the Case for Congress Campaign. He cites contributions from certain officers of MLP to the Case for Congress campaign.

MLP is registered with the Securities & Exchange Commission (the "SEC") and files reports required to be filed with the SEC. The proxy statement dated March 25, 2004 states that entities owned or controlled by Steve Case own 42.9% of the shares of MLP. The Case for Congress Campaign does not know whether this ownership represents a "controlling interest" sufficient to give Steve Case the power to channel funds to the Case for Congress Campaign at the expense of the other shareholders. The Case for Congress Campaign does not so believe.

In any event, there is no evidence that MLP itself made any contributions. Contributions by stockholders, directors, and officers of MLP are not illegal.

- (b) <u>The National Group</u>. The Complaint states that the Case for Congress Campaign has received contributions from partners of The National Group. The contributions are all within contribution limits, and none of them are illegal. Mr. Vincent Versage worked together with Congressman Case on the staff of Senator Sparky Matsunaga in Washington, D.C. more than 25 years ago. They have remained good friends.
- (c) The Phoenix Group. The complainant apparently is under the mistaken impression that an "LLC" is a corporation and that, therefore, contributions from LLCs are illegal. The fact is, of course, that LLCs are not corporations and contributions from LLCs are legal unless a managing member is a corporation or the LLC has elected to be taxed as a corporation.

An earlier complainant with the same mistaken impression filed a Complaint which was designated MUR 5456. I answered that complaint; the issue was reviewed by the Federal Election Commission; and the Complaint was dismissed.

(d) North Hawaii Healthcare Group. Mr. Russell L. Case, Assistant Treasurer of the Case for Congress Committee, researched the records at the Department of Commerce and Consumer Affairs, State of Hawaii, for information relating to North Hawaii Healthcare Group. The research indicated that the entity was an LLC. He telephoned the managing member and ascertained that the managing member was an individual and not a corporation. He then accepted the contribution.

## (3) Attempting to Disguise Contributor Information.

The contribution was received in the form of a check from "E. Broglio". The undersigned looked up "E. Broglio" in the Honolulu telephone directory. There was no E. Broglio listed. There was a Kathleen Broglio listed and the undersigned telephoned her. She informed me that E. Broglio was her brother and that his name was "Ed". He was unlisted because his job position would have resulted in numerous telephone calls if he had been listed.

I was under the impression that the listing of a last name with an initial conformed to FEC rules. In fact, in most places in the FEC Campaign Guide the word "Name" is used without any further explanation.

In any event we now have obtained the first name for Mr. Broglio and will amend the Pre-Primary report to insert the first name in place of the initial.

Very truly yours,

James H. Case, Treasurer

## **AFFIDAVIT OF JAMES H. CASE**

STATE OF HAWAII	)	
	)	SS
CITY AND COUNTY OF HONOLULU	)	

JAMES H. CASE, being first duly sworn on oath, deposes and says that:

I am an attorney licensed to practice law in the State of Hawaii, and am also Treasurer of the Case for Congress Committee (#C00382978).

I prepared the letter from me to the Federal Elections Commission dated October 27, 2004, in response to Complaint filed with the FEC (MUR 5560), a copy of which letter is attached to the affidavit.

All facts set forth in the above-mentioned letter are true and correct to the best of my knowledge.

Further affiant sayeth naught.

LAMES H. CASE

Subscribed and sworn to before me this 27th day of October, 2004.

Notary Public /State of Hawaii

My commission expires: 3/00/08

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